

# Rural America and the Promise of Tomorrow

Remarks of Commissioner Jonathan S. Adelstein

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I am so pleased to be here today with a group that is close to my heart. NTCA and I come from the same roots. We share a commitment to communicating and working together on issues we care about. We may not always agree on everything, but we share common values and common goals. We all want a strong rural America, with a telecommunications system second to none.

Thinking back on that special day in my life when Senator Daschle called me into his office to tell me he was recommending me for the FCC, he gave me just one piece of guidance – that I make sure to always fight for rural America. I thought to myself, “that’s a natural. It’s like asking my Golden Retriever to go after a bird.” Natural instincts like that come from somewhere – they’re bred in for a reason. Growing up in South Dakota, and working as a staffer in the Senate, I’ve learned the importance of factoring rural America into every equation.

Some of you may know that my family has built rural roads and bridges throughout the South Dakota region since 1925. To carry on this tradition, I’ve taken it as my personal motto to help you build better communications “roads” and “bridges” in every rural community in this country. The interstate highway system benefits everyone by connecting folks in rural areas so they’re not isolated from the rest of America by distance. Similarly, universal access to advanced services will ensure that rural America is not isolated in cyberspace. So we can’t get too much bandwidth – too many roads and bridges – into the heartland that sustains America.

Working together, we can accomplish so much for rural America. That’s my mission – and it’s your occupation. My arrival at the FCC marks a new opportunity to continue an incredible collaborative effort to fight for our communities.

As the new commissioner on the block, I’m ordering my priorities. I’d like you to imagine – for a moment – that you found yourself in my position – the new FCC commissioner. What would you focus on first? What’s one of the biggest problems facing rural America, and how would you tackle it?

I’ll bet that each of us in this room has a slightly different solution. But I also bet that a lot of us would agree on the same problem: how do we make sure rural America fully participates in the global economy so we can keep our local economy strong? How can we provide the economic opportunities for our young people so they can live their lives where they grew up – if they want to?

There are probably at least two things at the top of everyone's list as to how the FCC can help: first, get broadband out to rural areas as quickly and evenly as possible. That way, rural economies are tied to the global economy and our youngsters have the world at their fingertips. And second, secure the future of universal service. These two are linked, because unless universal service works right, Rural America will lack the foundation we need to speed broadband deployment.

So let's focus first on universal service. Let me start with some news you haven't heard. This morning, Commissioner Michael Copps and I are announcing that we're beginning a rotation schedule on to the Joint Board on Universal Service. He's generously agreed to let me join the Joint Board as soon as we can get a formal order approved by the Commission to place me on it. Commissioner Copps has done an outstanding job of leading the fight for Rural America and for universal service, so it's a great honor to follow him. I also appreciate all the help of Chairman Michael Powell in getting this done. Since there is only one slot for a Democrat, Commissioner Copps and I agreed to rotate, while conferring closely with one another on how to get the best possible outcome for universal service.

I'm excited about this new responsibility, because universal service is the bedrock principle of American telecommunications policy. It says that everyone in this country should get comparable service at comparable prices, no matter where they live. In the 1996 Act, Congress mentioned "advanced services" five times in the section dealing with universal service. The Act makes clear we must extend the benefits of the latest technologies to everyone. The goal is to ensure that quality services are available at reasonable rates to everyone – even where competition and the marketplace fall short.

Congress gave a high priority to rural concerns in drafting the universal service provisions of the Telecom Act. As the newest Commissioner at the FCC, I see it as my job to make sure the FCC gives rural concerns the same high level of attention.

In my home state of South Dakota, the small telephone companies and coops have done an incredible job of delivering top quality service to their customers, even in our state's most rural areas. People like George Strandell of Golden West told me last summer about the thousands of dollars they spent to hook up a remote ranch to broadband – money they never hope or plan to recover. People like you and George reinvest your money and your lives in own communities because you care about them. The high level of commitment and the technology you've deployed is truly amazing to me.

In my home state of South Dakota – even with all the obstacles facing rural areas – many of the smallest communities have broadband – some even have competing providers. That accomplishment is a tribute to many of the people in this room. You and your communities are a model of what is possible in rural America.

I'm committed to making sure that you can maintain this level of service. You understand first-hand that as technology advances, so must our efforts to keep up. That means continued network investment – which requires continued support from universal service. That

support must be, as required by the Act, at levels that are specific, predictable, and sufficient. Although universal service doesn't directly support advanced services, it's a vital mechanism that lays the groundwork for the creation of the broadband networks of the future. The high-bandwidth applications, like video services, that will drive revenues and expand opportunities will ride on these networks. And universal service will play a key role in bringing them to everyone in America.

The two foundational pillars of the Act are universal service and competition. Federal support is intended to promote universal service, not to subsidize artificial competition – or, for that matter, to keep it at bay. Neither of these pillars should be promoted at the expense of the other. I look forward to working on this key issue, which is currently before the Joint Board on Universal Service. I know you care deeply about this and so do I.

Congress gave the states well-defined and important responsibilities as partners in achieving this balance. The State Commissioners play a key role in determining if a competitor is eligible for universal service support. They need to take great care in doing this – greater care, in my opinion, than some have in the recent past. This designation is critical to small carriers serving high-cost areas. And it's a key factor in allocating limited – and shrinking – universal service funds.

I'm encouraging state commissioners to carefully consider the public interest when making their eligibility determinations, as is required by the Act. Specifically, states must make sure that the new market entrants receiving universal service meet all the obligations required by the Act. These include providing service throughout the service area and advertising its availability. They also need to consider whether the new service proposed is an enhancement or an upgrade to already existing or currently available service.

Another consideration is the effect it will have on the cost of providing service. As the fund grows, so does the level of contribution. We must ensure that the benefits that come from increasing the number of carriers we fund outweigh the burden of increasing contributions for consumers. The public interest also demands that regulators seriously consider whether a market can support more than one carrier with universal service. If not, then new designations shouldn't be given as a matter of course just because it appears they meet other qualifications.

Another issue that's occupied much of our time lately is whether the FCC should treat broadband offered by incumbent local exchange carriers – usually DSL – as a telecommunications service regulated under Title II of the Communications Act – which is the Common Carrier portion of the Act – or as an information service under Title I – the general provisions of the Act. This seemingly simple difference can have huge ramifications for universal service. If these broadband services are classified as information services, the FCC loses much of the oversight that comes with Title II. And information service providers don't now contribute to universal service. This raises a lot of questions. Does it mean, for example, that revenues from these services can't contribute toward universal service? We've got to think hard about this at a time when the demands on the fund are increasing and contributions are decreasing.

Just as I came on board the FCC, my colleagues dealt with how carriers contribute to the fund. I wasn't able to participate in that decision because of FCC rules. But, since they only set up an interim solution, I fully intend to address this issue soon. Although I haven't yet decided whether, and how, to change the system, I'm committed to ensuring that the fund will continue to meet the demands placed on it. And I plan to work closely with all of you in thinking this through. One thing I intend to consider is whether all providers that compete with each other and provide the same functions have the same contribution responsibilities and, if not, whether they should. We shouldn't craft universal service obligations in such a way that they unfairly benefit or burden contributors who compete in the marketplace.

Let's turn to wireless services for a moment, because I think they offer great potential for rural America. We need to encourage new and innovative technologies, and more efficient spectrum management, to maximize that potential. At the same time, we shouldn't use universal service to support artificial competition from providers that don't provide the same or better service than what consumers already receive.

The FCC can and should do more to promote access to wireless services by rural consumers. One great way to do that is to get spectrum into the hands of community-based providers like you. You've proven time and again that your first priority is serving your local communities. The FCC needs to promote better policies that improve availability of licenses to rural providers.

We should also address current FCC policies that make no sense. Take the policy that allows small carriers, like many of yours, to get discounts in buying spectrum at auction. This is a great idea. But the current rule actually attributes the outside business activities of coop board members in determining the coops' eligibility for bidding credits. A challenge against this was filed with the FCC, and I'm taking a good hard look at this. Unfortunately, this is an example of how the FCC doesn't always understand how coops in rural America work. I plan to use the full power of my office to make sure we get this rule fixed as soon as possible.

Improving the ability of rural carriers to get wireless licenses can speed broadband deployment, as well. Take the example of Monet Mobile, a company that wanted to create wireless high-speed Internet connections. Monet was able to secure licenses in the secondary market. Last year, the company launched wireless data networks in seven Midwestern towns, including Fargo, N.D and Sioux Falls, S.D. – the first 3G systems in the country, right there in the heartland. This is exactly the type of wireless service the FCC needs to encourage.

I am also concerned that large wireless license areas raise auction prices so high that rural telephone companies can't even afford to make a first bid. And while we've seen some success in the after market, we can do much more to get licenses into the hands of rural providers in the first place. So, in future auctions, I'll support the use of smaller wireless license areas that better reflect your customer base. For example, last year, several rural telcos in South Dakota banded together to buy a number of smaller licenses. The point of the sale was to get the licenses in the hands of community-based providers in order to serve their own rural customers – not for someone to speculate and sell it later – or worse yet, to let it lie fallow. I want to see more of this.

In addition, we need to revisit the FCC's build-out rules. I'm concerned that the current rules can indirectly undercut the ability of rural carriers to get access to spectrum in their own neighborhoods.

As many of you know, the FCC recently began reviewing how all of our current wireless rules affect rural areas. Comments are being filed this month, and I strongly encourage you to make your voices heard in this proceeding.

It's not just the FCC that can speed broadband deployment. I was proud to work on the Farm Bill for my former boss, Senator Daschle. Through the efforts of Senator Daschle and others, Congress last year expanded the Rural Utilities Service program to include broadband. This \$1.4 billion initiative is the largest in U.S. history to promote broadband deployment in rural areas. It can provide huge numbers of low-cost loans to providers like yourselves so you can offer broadband service to rural communities that don't have it now. I hope a lot of you take advantage of it to finance even more improvements for your customers.

I want to work with you to bring Rural America together around priorities and solutions that work for consumers in the marketplace. We need unity. To coin a phrase from Don Quixote: "There were but two families in the world, Have-much and Have-little." I want us to band together like a family of sorts – and once again today you've made me feel like a favorite son – to build and maintain a telecommunications system that remains the envy of the world – because everybody, everywhere in America is part of the network. That means we've got to make all areas of America, including rural America, part of the "Have-much" family. We cannot and will not allow America to divide. We will remain one family, every member having an equal share of the communications future and all its possibilities. The whole country benefits when the talents and contributions of every American can find equal expression instantaneously through the miracle of broadband and the Internet.

So Rural America must win in the end. We will have fought and overcome the unbeatable foe of distance and won, because we have the right tools and the right commitment to drive deployment to each and every community in this country. And no one has a better track record of doing so than community-based telecom providers like you. It's my job to help you get the support you need – and are entitled to by law – to accomplish that mission.

So you have a friend at the FCC in me, and I'm lucky enough to have friends throughout the heartland. Together, we can achieve the "impossible dream" that rural America will be as connected to the world as anywhere else! And our people will be able to reach out to anyplace else within milliseconds – maybe a little slower – but maybe faster – than anyone else in the world!

Thank you.